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SENSITIVE
SIPDIS

DEPARTMENT FOR AF/E MARIA BEYZEROV
DEPT PASS TO USAID/AFR/EA ASHLEY MARCUS
DOC FOR RTELCHIN
TREASURY FOR FRANCOIS BOYE
PARIS FOR WALLACE BAIN
LONDON FOR PETER LORD

E.O. 12958: N/A
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SUBJECT: ANTANANARIVO POL/ECON WEEKLY UPDATE (04-DEC-2009)

REF: ANTANANARIVO 831

11. (U) SUMMARY: This is U.S. Embassy Antananarivo's Weekly Update for November 30 to December 4, an unclassified review of major political, economic, and commercial events and information from the U.S. Mission to Madagascar and the Comoros.

POLITICS (Paragraphs 2-4)
- TRANSITION CABINET REMAINS BLOCKED
- POLITICAL OUTREACH, OR OUTRIGHT CAMPAIGNING?
- MERCHANT PROTEST

ECONOMIC AND COMMERCIAL (Paragraphs 5-7)
- WORLD BANK VISIT
- EHOALA PORT BLOCKED
- PRECIOUS HARDWOODS OFF THE MARKET?

COMOROS (Paragraphs 8-13)
- LEGISLATIVE ELECTIONS
- WINDFALL FROM ECONOMIC CITIZENSHIP?
- JAPANESE RICE DONATION
- ELECTION OBSERVERS ARRIVE
- ARREST OF JOURNALIST
- FUNERAL FOR YEMENIA CRASH VICTIMS

END SUMMARY

POLITICS

12. (SBU) TRANSITION CABINET REMAINS BLOCKED: In an effort to solve the current blockage in the formation of a transition cabinet, SADC mediator (and former President of Mozambique) Joaquim Chissano invited all four movements for yet another summit abroad, this time in Maputo on December 3 to 4. All but Rajoelina's movement departed for Mozambique Dec. 3. Ravalomanana identified a number of disputes that require, in his opinion, further top-level negotiation, including the unresolved cabinet positions, the functioning of the co-presidency, and the timeline for elections. Rajoelina remained in Madagascar, but may join the others via DVC (Antan 831).

13. (SBU) POLITICAL OUTREACH, OR OUTRIGHT CAMPAIGNING? Rajoelina and Co-President of the Presidential Council Fetison Rakoto Andrianirina (from Ravalomanana's movement) have already begun thinly-veiled campaigning in several provincial cities. Rajoelina delivered back-pay to employees of the national sugar company SIRAMA in two cities, and has made a series of appearances to inaugurate roads, bridges, and even a university dormitory. Andrianirina, often

traveling with newly-appointed President of the Transition Congress Mamy Rakotoarivelo, has undertaken provincial visits to cities where Ravalomanana's company TIKO has major interests. The official reason for these visits was to explain the new political agreements to the population, but with little progress on their implementation, some have commented that the co-presidency should consider the pressing matters in Tana before undertaking such obviously political activities and trips.

14. (SBU) MERCHANT PROTEST: During the past few weeks, the unelected mayor (PDS, in local parlance) of Antananarivo has initiated an unpopular measure to clean up the city and to ease the traffic, focused on moving street merchants out of the streets and into newly setup markets. These measures have led to the discontent of the street merchants: two employees of the municipality were injured by the merchants in one market; other merchants launched a strike and a sit-in in another market; the merchants refuse to abide by the new measure; and complaints were widely relayed in the media. After having used the local police to clear the "squatted" streets and to scatter demonstrators, the city has finally conceded to the merchants' request: continue to sell on the streets during the holiday season, and leave in January. The PDS clearly stated, however, that the merchants must leave the first week of January as he will resume the implementation of this policy then, likely producing tension again at that time.

ECONOMIC AND COMMERCIAL

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15. (SBU) WORLD BANK VISIT: An evaluation team from the World Bank quietly visited Madagascar this week to prepare the way for re-launching some of its programs, 95 percent of which are frozen, in the event of the establishment of a transition government. In the interim, the Bank plans to ramp up efforts to ensure that government officials and the public at large understand better how much Bank funding is being lost as the political conflict persists, adding additional stakes to the public discourse already centered on AGOA eligibility and EU aid. Meeting with the ambassador and P/E chief, the team lamented the lack of independence and utility of the anti-corruption agency they previously funded; the increase in corruption and rent-seeking behaviors, particularly at the economic ministry; significant decline in exports and tourism; and the expected poor rice harvest in 2010. They confirmed that some government employees had been laid-off while others hadn't received salaries recently and said that they suspected that there are arrears in salary payments, despite government data indicating otherwise. They anticipate that the transition government will need budget support to operate and questioned how the USG would respond to a proposal to provide budget support at the WB board if such a proposal were presented.

16. (SBU) EHOALA PORT BLOCKED: A group of fishermen and landowners blocked access from November 24 to December 2 to the port of Ehoala, in Fort Dauphin, claiming compensation from local Rio Tinto affiliate QMM. All activities were suspended for QMM, Ehoala port and their contractors, preventing the exportation and importation of goods to the region. Three ships were unable to land at Ehoala. The Regional Chief finally took action to remove the barricades, following instructions from authorities in Tana to do so after intervention of the US and French Ambassadors and the World Food Program. The lifting of the blockage was just in time for the arrival of a ship transporting 2,700 tons of humanitarian aid. QMM's officials have asked local authorities and the government to enforce the laws, and carry out a rigorous, credible and transparent assessment of the impacts of QMM's investments.

17. (SBU) PRECIOUS HARDWOODS OFF THE MARKET? In his first acts as Prime Minister, Eugene Mangalaza has signed and distributed two documents, signed November 30, in which he marks the end to the controversial "liquidation of stocks" of precious hardwoods, and orders all ministries to ensure that the exploitation, transport,

and trade of precious wood comes to a halt. He has also requested a complete account from the ministries and regions concerned of the status of the fees and royalties required in the September 21 decree. This kind of high level attention, at such an early stage in the transition government, is a positive sign that the PM takes the issue seriously; whether he will be able to influence key lower level actors remains to be seen. On December 1 he asked the US, France, Germany/EU and the Dean to help support him, and subsequently the Norwegian ambassador (on instructions from Oslo) is taking the lead in organizing "like-minded ambassadors" (plus China) to support the PM's early initiative.

COMOROS

¶8. (U) LEGISLATIVE ELECTIONS: The upcoming legislative elections (to be held on December 6 and December 20) are generating great interest among the Comoran people. Large campaign rallies are common, including some which resemble American-style town hall meetings with their traditional back-and-forth between candidates and those in the crowd. Worthy of note is the fact that 54 of the 268 candidates (about 20 percent) are female. By comparison, the percentage of women in the previous legislative bodies was only 2 percent.

¶9. (U) WINDFALL FROM ECONOMIC CITIZENSHIP? President Sambi, in his remarks Friday marking the Muslim holiday of Eid El Adha, surprised his audience by announcing that he has received a letter of guarantee worth 175 million USD from the sale of Comoran citizenship to nearly 800 people. According to President Sambi, the money will be used to finance infrastructure projects such as roads and hospitals. The remarks have unsettled more than a few Comorans, however, as the mechanisms by which these funds were obtained, and by which they will be allocated, remain rather opaque - as does the overall concept of "economic citizenship".

¶10. (U) JAPANESE RICE DONATION: The Japanese government has donated 7500 tons of rice to the Government of the Union of the Comoros.

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The rice will be re-sold to the public at 7500 KMF (about 23 USD) for a 30 kg sac. This translates to a price of 250KMF/kg, slightly below the current market price of about 275 KMF/kg. The proceeds from the sale are earmarked for the financing of certain government development projects, though many Comoran observers wonder how this will work in practice.

¶11. (U) ELECTION OBSERVERS ARRIVE: A group of African Union election observers has arrived in Moroni. Led by Anil Gayan, the former Foreign Minister of Mauritius, the mission includes 20 members, including parliamentarians, representatives of African electoral institutions, and members of civil society groups. They will be joined by a small team of observers from Embassy Tana who will observe the election procedures on all three islands in both rounds.

¶12. (U) ARREST OF JOURNALIST: Journalist Kamal Ali Yahoudha of the newspaper La Gazette des Comores was arrested Tuesday following an article he published accusing one of President Sambi's special counselors of having instigated a demonstration in Anjouan last week against the head of the Comoran army, General Salimou. Yahoudha was held overnight and was to be arraigned December 2. La Gazette has vigorously condemned what it sees as an obvious infringement on the liberty of the press in the run-up to this weekend's legislative elections.

¶13. (U) FUNERAL FOR YEMENIA CRASH VICTIMS: President Sambi spoke to a crowd over 1000 gathered outside Moroni for the funeral of 59 of the 152 victims killed in the crash of the Yemenia Airways A310 on June 30. In addition to President Sambi, the crowd heard emotional speeches from local religious dignitaries, a representative from the collective of bereaved families, and French special envoy Ambassador Christine Robichon.

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